

ER-5-4199

8 April 1954

MEMORANDUM FOR: General Cabell

SUBJECT : Staff Review and Executive Approval of FI Basic Plans and Projects.

REFERENCE : Memo dtd 29 Mar 54 to DCI via D/DCI fr DD/P, same subject.

1. You may recall that at the time Mr. Dulles issued his 30 January 1954 memorandum concerning approval of FI projects (Tab A of the referenced study) we had originally proposed that projects in excess of \$100,000 be submitted to the Project Review Committee.

2. It is my recollection that Mr. Dulles specifically stated he desired that FI projects not be processed through the Project Review Committee machinery, except for the subsidy and proprietary types; consequently, the procedure outlined in the 30 January memorandum was the alternative which he accepted.

3. The present procedure which has been in effect only since 30 January is, in my opinion, a very major improvement over old procedures and, as far as I can tell, is working well.

4. I do not believe that the objections raised in paragraph 3.c. of the staff study are valid.

5. As you know, the Deputy Director (Administration) does not see any FI projects (except subsidy and proprietary projects) under our present procedure unless those authorized to approve of them see fit to refer them to me. I can only recall two projects being referred to me (those by the Deputy Director) since the 30 January procedure was directed. In both cases I believe I was able to offer some constructive comment from a purely administrative point of view. With reference to paragraph 3.b.(3), it is true that the Chief of Administration, Office of the Deputy Director (Plans), should, through his relations with the DD/A Offices, satisfy himself that these projects can be supported and are otherwise administratively proper, and I do not question that he does. Nevertheless, he is neither responsible to the Deputy Director (Administration) nor does he derive any of his authority from the Deputy Director (Administration) and, of course, under these circumstances it must be the Deputy Director (Plans) and not the Deputy Director (Administration) who accepts

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final responsibility and to whom the Director must look for his assurance of administrative propriety.

6. To submit an additional 150 projects to the Project Review Committee each year (paragraph 4.d. of the staff study) would be a considerable additional burden on the Project Review Committee.

7. Despite apparent weaknesses (at least from the DD/A point of view) in the present procedure, it was adopted such a short time ago and is such a big improvement over prior procedures that I would be inclined to give it a longer trial period before again raising the question as to whether such projects should go through a Project Review Committee mechanism, especially in view of the Director's previous statement that he preferred not to have them go through this procedure.

/s/

L. K. White

Att. Listed in Reference

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